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*Office Memorandum* • UNITED STATES GOVERNMENT

TO : Director of Logistics

DATE: 20 September 1955

FROM : Chief, Real Estate &amp; Construction Division, OL

SUBJECT: Method of Contracting for Architect-Engineer  
Services for the New Headquarters Building

1. Construction agent responsibility if performed by either the Public Buildings Service of General Services Administration; the Corps of Engineers, Department of Army; or the Bureau of Yards and Docks, Department of Navy would normally provide:

a. Site topographical and other field surveys, test borings and sub-surface investigations;

b. Schematic drawings or sketches including outline specifications and cost estimate;

c. Negotiation and administration of Architect and Engineer contract to provide (1) preliminary drawings, specifications, and cost estimates; and (2) final working drawings and specifications;

d. Review or check of all Architect and Engineer drawings, specifications and estimates;

e. Duplication of drawings and specifications and preparation of contract documents;

f. Advertizing for, receipt and evaluation of bids or proposals for construction and award and administration of construction contracts;

g. Supervision of construction;

h. Check of all shop drawings and approval of material samples;

i. Negotiation of change orders and contract modifications;

2. Discussions have been held recently with representatives of the Public Buildings Service, Corps of Engineers, and Bureau of Yards and Docks regarding their willingness and capacity to assume construction agent responsibilities for the CIA headquarters building program. Both the Public Buildings Service and the Corps of Engineers would be willing and able to act as our construction agent. The Bureau of Yards and Docks

- 2 -

Subject: Method of Contracting for Architect-Engineer  
Services for the New Headquarters Building

20 Sept 1955

cannot assume additional work at this time. Cost estimates for construction agent services (including Architect-Engineer fee) have been obtained as follows:

- a. Public Buildings Service: 6.7% of estimated construction cost
- b. Corps of Engineers: 9% of estimated construction cost

Based on these percentages, construction agent cost, using the Public Buildings Service (\$2,880,000) would leave a balance of \$43,120,000.00 for construction while using the Corps of Engineers (\$3,800,000.00) would leave a balance of \$42,200,000 for construction. It is to be noted that comparative cost estimates (GAO and CIA proposed building) prepared by the Public Buildings Service for our presentation to the Bureau of the Budget included \$2,022,000 to cover A-E Services, supervision and PBS overhead.

3. In accordance with prescribed regulations a lump sum contract for Architect-Engineer Services can be negotiated by CIA based on a "Scope of Work" (Attachment A) and "Statement of Architect-Engineer Services" (Attachment B). The fee for such services would be based on the estimated cost to be incurred by the Architect-Engineer in accomplishing the services called for, rather than upon a percentage of the estimated cost of construction. Direct cost, overhead and profit representing the total fee for the preparation of plans and specifications (Title III of Attachment B) may not legally exceed 6% of the estimated cost of construction for the most complicated or complex facility. Our proposed headquarters building would definitely not be considered a complicated or complex facility. It is estimated that the minimum lump sum Architect-Engineer fee would be 4.25% as follows:

|                       |         |                 |
|-----------------------|---------|-----------------|
| Title I, II, III      |         |                 |
| Estimated direct cost | 788,000 |                 |
| overhead              | 552,000 |                 |
| profit                | 134,000 |                 |
|                       |         | <hr/> 1,474,000 |
| <br>Title IV          |         |                 |
| direct cost           | 215,000 |                 |
| overhead              | 107,500 |                 |
| profit                | 32,250  |                 |
|                       |         | <hr/> 354,750   |
|                       |         | <hr/> 1,828,750 |

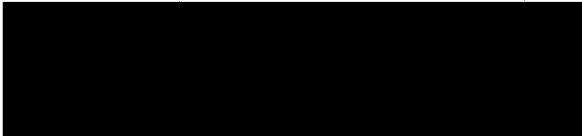
- 3 -

Subject: Method of Contracting for Architect-Engineer  
Services for the New Headquarters Building

20 Sept 1955

In addition an estimated \$250,000 would be required to augment our present engineering staff by the use of consultant engineering services if we act as our own construction agent.

4. Since there is such wide variance in the above estimates, it is recommended that the Office of Logistics be authorized to initiate negotiations of the Architect-Engineer fee with the firm of Harrison and Abramovitz to determine the minimum fee for the accomplishment of all phases of planning and supervision of construction that would be acceptable to them. While it is realized that supervision of construction could not be contracted for at this time, the amount of the total fee is required for planning purposes.




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Attachments - 2

- A - Scope of Work
- B - Statement of A-E Services

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